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Singapore

Market Development Reports

FOOD PROCESSING SECTOR REPORT

1999

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Report Highlights:

The potential for U.S. ingredients is high yet the market is highly competitive and remains dependent on regional economic issues. Major competition in Singapore comes from Malaysia, China, Australia, Thailand and Japan. Most of the staple foodstuffs are produced within the Southeast Asian regions. Singapore's increasing affluence and status as a regional center will increase its potential as a target for U.S. exporters.

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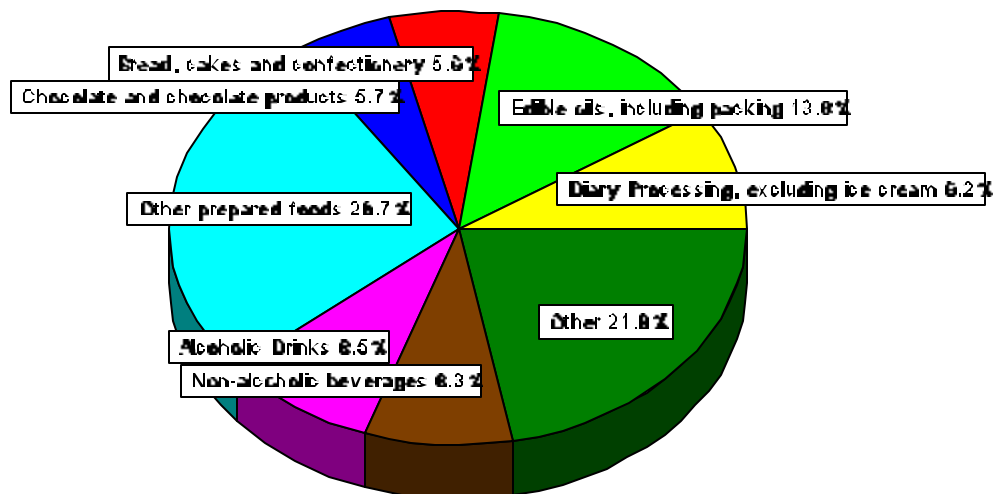
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I. Market Summary

Singapore holds much promise for U.S. exporters dealing with the food processing sector. Despite recent economic troubles, domestic output of processed foods continues to increase. Demand for U.S. food ingredients is expected to rise in various key areas, as Singapore develops as a regional hub and high-end manufacturing center. Over three hundred manufacturers are located in Singapore, with an output of US\$2 billion in 1996. 3,017,580 roughly US\$3 billion worth of food ingredient products were imported in 1997, a 7.7% increase from the previous year. As a regional trading center, Singapore re-exports US\$1.57 billion of food and beverages, with 77% of the goods shipped to Asian countries. Singapore is the wealthiest country in Southeast Asia with a GDP per capita of US\$31,600, and along with a young population (23% are 15 years or less in age) an increase in the consumption of high-processed food and beverages is expected.

Singaporean Food Processing Industry Sub-Sectors



Major supplying countries include Malaysia, USA, Japan, Australia, China, and Thailand, collectively holding a significant portion of the import market share. Beverages (both alcoholic and non-alcoholic), edible oils processing, dairy processing, and other prepared foods are key components of the industry, and carry high potential for U.S. suppliers. Foreign influences and ideas about food have long mingled with the local Asian cuisine and many Western-style products have been established and well-entrenched in the market with others catching on.

Although sanitary and food safety issues are extremely important to Singapore's import authorities, no import restrictions exist for any food or beverage product save intoxicating liquors. Singaporean quality controls measure up to internationally applicable standards allowing products to be shipped virtually anywhere in the world. With such a market, the atmosphere is highly competitive and innovation, as well as high quality and value for money, are key factors for conducting successful business in Singapore.

Advantages and Challenges Facing U.S. Products in Singapore

Advantages	Disadvantages
U.S. dominates the import of frozen chicken parts, confectionary , canned soup, frozen fries, non-tropical fruits, and chemicals & additives	The market's open nature causes many of the segments to be highly-competitive
Opportunities for U.S. exporters exist in brewing, soft drink, edible oil processing, and dairy processing industries	Due to high manufacturing costs, some companies are relocating elsewhere in the region
Singapore is currently promoting itself as a regional ingredient trading and R&D center for food manufacturing	Government-induced wage adjustments could have an effect on foreign and high-end food consumption

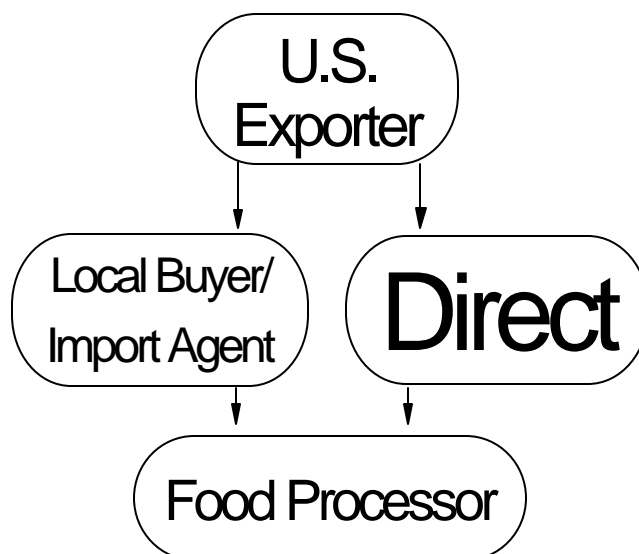
II. Road Map for Market Entry

A. Entry Strategy

To enter the Singaporean market successfully, it is essential for exporters to conduct major promotional activities in order to both inform local buyers as well as consumers and to maintain an edge in the competitive atmosphere. Attending food exhibitions, advertising, supplying brochures and free samples, and providing technical support to manufacturers all contribute to a stronger presence in Singapore.

Having local agents/representation is highly beneficial, as penetrating the local buyer market requires a strong presence. Local representatives should also be able to provide market knowledge, up-to-date information and guidance on business practices and trade-related laws, sales contact with existing and potential buyers, and market development expertise. The ATO in Singapore maintains listings of potential importers and provides them to U.S. suppliers who wish to explore market opportunities in Singapore.

B. Market Structure



Food ingredients are usually traded in a direct buyer/supplier structure, with products moving from the export food ingredient either directly to the foreign processor or through a buyer/importer.

C. Company Profiles

There are currently over 300 major companies making up Singapore's food processing sector. These firms manufacture a wide range of products, from beverages and snack foods to dairy and confectionery goods. The following table summarizes the food processing sector as a whole by sub-sector, followed by another table providing some of the largest Singaporean food processing companies including information about each company's sales processing, product location, procurement channels, and the end use of their products. U.S. food companies and foreign direct investment in Singapore are also included in the table.

Overview of Singapore's Food Processing Sector

Food Processing Industry Sub-Sector	Number of Firms	Sales in U.S. Dollars (\$ million/1996)
Prepared Fruit & Vegetables, Oilseed Products	6	10.3
Dairy	8	184.9
Beverages	12	335
Baked Goods/ Confectionery	57	117.3
Meats and Fish	52	212.1
Snack Foods	13	33.5
Edible Oils	11	275.5
Chocolate and Chocolate Products	6	113.9
Other	147	718.7
TOTAL	312	2001.2

Profiles of Major Food Processing Companies

Company Name and Type of Food Processor	Food Sales, CY 97 \$ million	End-Use Channel (Retail vs. HRI Food Service)	Production Location (domestic vs. off-shore, JV)	Procurement Channels
Fraser & Neave Ltd (beverages, dairy products)	1420	Retail and HRI	Singapore, S.E. Asia, S. Asia, China, New Zealand, Papua New Guinea	Importers, Direct
Yeo Hiap Seng Ltd (beverages, snack foods, dry goods, prepared meals)	125	Retail and HRI	Singapore, S.E. Asia, USA, Canada, Greater China, Mauritius	Importers, Direct
Prima Ltd (poultry meat, baked goods, confectionery products)	84.8	Retail and HRI	Singapore, Sri Lanka, China	Importers, Direct
Super Coffeemix Manufacturing Ltd (prepared meals, dry goods and condiments, beverages, baked goods)	66.5	Retail	Singapore, S.E. Asia, China	Importers/ Local Agent
Amoy Canning Corporation (dry goods and condiments, beverages, prepared vegetables, meat products)	1.9	Retail	Singapore	Importers, Direct
Sime Darby Edible Products Ltd (oilseed products)	51.3	Retail	Singapore, Malaysia, Egypt	Direct

Company Name and Type of Food Processor	Food Sales, CY 97 \$ million	End-Use Channel (Retail vs. HRI Food Service)	Production Location (domestic vs. off-shore, JV)	Procurement Channels
Auric Pacific Food Industries Ltd (baked goods, prepared meals, meat products, condiments)	105.4	Retail	Singapore, Malaysia, Thailand	Importers, Direct
Malaysia Dairy Industries Pte Ltd (beverages, dry goods, specialized food ingredients)	NA (Profit=5.1)	Retail, HRI	Singapore	Importers/Local Agents
Singapore Food Industries Pte Ltd (meat products, baked goods, confectionery products)	122	Retail, HRI	Singapore, UK, Australia, China, Myanmar	Importers/Local Agents, Direct
Tong Garden Food Products (S) Pte Ltd (snack foods, prepared vegetables, seafood products)	10.6 (1996)	Retail, HRI	Singapore, Malaysia, Thailand, China	Importers, Direct
TeeYih Jia Food Manufacturing Pte Ltd (confectionery products, meat products, prepared meals)	33.9 (1996)	Retail	Singapore, Malaysia, China	Importers, Direct

D. Sector Trends

Although the flow of products through the distribution chain is relatively simple, import opportunities can be affected by various conflicting pressures. In the following paragraph, several key market drivers which may affect the broader food ingredients market and potential future scenarios are discussed.

The economic crisis of the past two years is considered to be subsiding, as signs of recovery are showing and are expected. Yet this positive economic view may not accommodate a full-on increase in Singapore's food ingredient market. Over the past ten years production costs have risen sharply, prompting many businesses to seek out other locations for manufacturing. Currently, locations in countries such as Malaysia and China are under investigation by manufacturers of all levels for a potential transfer. The Singaporean government is considering various methods to attract businesses in the country, including wage changes to lower local production costs. Consumption patterns could change, affecting areas such as high-end food manufacturing and curbing the influence of foreign products not established in the local marketplace.

On the other hand, the Association of South-East Asian Nations (ASEAN) is constructing a free-trade area (AFTA) with tariffs of 0-5%, changing the perspective on trade to a more regional, rather than local, level. As the dominant manufacturing and trading center in the region, Singapore is positioned to be the major R&D site of Southeast Asia as well as a central distribution location. If this is the case, goods will still pass through Singapore on their way to regional manufacturing facilities. Singapore, with its high-quality manufacturing, could also become a center of high-end production for the food industry.

III. Competition

The main competition for U.S. food ingredients in Singapore are Malaysian, Japanese, Australian, Chinese, and U.S. products, who along with the U.S. supplied over 60% of total imports in 1997. Malaysia supplied nearly 20% of the market, and was the majority leader for live animals for slaughter in Singapore, edible oils, and tropical fruits and vegetables. The USA holds a 15% of the market, dominating meat offal, non-tropical fruits, and chemical and mineral products. The remaining countries each represent 7% or less of the market, supplying products including meat and vegetables, rice, and much of the seafood import market.

IV. Best Product Prospects

A. Products Present in the Market which have Good Sales Potential

The best product prospects among basic food ingredient inputs are those dealing with brewing, soft drink manufacturing, edible oils processing, and dairy processing industries. Major competition in these areas comes from Malaysia, Australia, New Zealand, and various European Union (EU) countries.

B. Products Not Present in Significant Quantities but which have Good Sales Potential

Sectors with smaller-sized output relative to those listed in the previous section include ingredients intended for bakeries, soybean product manufacturing, noodle manufacturing, flour milling, snack food manufacturing, as well as seafood processing and meat processing.

Products which, in the past, were considered foreign to Singaporean taste yet are finding growing acceptance in Singapore's younger families include breakfast cereals, fresh juices, wine, pasta, frozen prepared/cooked food (e.g., chilled yogurt, and processed cheeses).

C. Products Not Present Because They Face Significant Barriers

The Singaporean Government only allows certain additives to be used in food, and even permitted additives must conform with specifications as provided. Where these are not provided, the purity of the food additive should conform to the specifications as recommended by the Joint Food and Agriculture Organization of the United Nations and World Health Organization (FAO/WHO) Expert Committee on food additives.

V. Post Contact and Further Information

If you have any questions or comments regarding this report or need assistance exporting high value food products to Singapore, please contact the U.S. Agricultural Trade Office in Singapore at the following address:

Agricultural Trade Office Singapore
U.S. Department of Agriculture
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#08-03 Liat Towers
Singapore 238881
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fax: 65-732-8307
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Home page: www.atosingapore.org.sg

Please contact our home page for more information on exporting U.S. food products to Singapore, including “Exporter Guide”, “The HRI Food Service Sector Report”, “The Retail Sector Report”, product briefs on the market potential for U.S. fruit, snack foods, wine, coffee, and beer, and a complete listing of upcoming activities designed to promote your product in Singapore. Importer lists are available from our office to exporters of U.S. food products.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>.

END OF REPORT